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SUBJECT: BOSNIA: LABOR STATE OF PLAY - PROGRESS ON ECOSOC  
AND TRADE UNIONS SUFFER AMID RISING ETHNIC TENSIONS

1. (SBU) Summary: The creation of a Bosnian European-model Economic and Social Council (ECOSOC) at the state level has been a goal of the international community and advocates of expanded government/labor dialogue for several years. The BiH Directorate for European Integration has included the creation of an ECOSOC as one of its top 50 priorities for integration into the European Union. Sadly, beyond these initial proclamations from government officials, little has been done to move the process forward and the key minister is openly hostile. At the entity level, however, the Governments of the Federation and the Republika Srpska both actively cooperate with organizations representing employers and employees, negotiating with them about changes in labor laws and changes to the minimum wage. Despite irregularities in registration of social partners at the entity level and cooperation with different employer institutions, both entities seem satisfied with the arrangement. Employees unions, which are largely socialist dinosaurs, are badly in need of reform. However, current leadership is satisfied with the status quo and reluctant to make changes that could result in deterioration of their own status. End Summary.

LACK OF POLITICAL WILL LEADING PROBLEM WITH ECOSOC  
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2. (SBU) Despite public statements affirming the importance of establishing a state-level ECOSOC, state officials do not seem interested. The European Integration Directorate has included the creation of an ECOSOC as one of the top 50 priorities for integration into the European Union. Although many countries organize their own ECOSOC with differing standards, the general model is a consultative group of employee and employer representatives, called &social partners that provide advice to the Government on economic and social issues affecting its constituents. In May 2006, the BiH Council of Ministers drafted the language necessary to pass the law, but lack of political will on the side of the employers and employee groups to work together across ethnic lines have allowed the State Ministry of Civil Affairs to claim the existing &social partners incompetent as appropriate counterparts. Minister of Civil Affairs Sredoje Novic (SNSD) recently told us that the State Government does not have a way to move forward on an ECOSOC because the organizations representing the employers and employees have not come forward in a unified manner to represent their respective constituencies.

3. (SBU) Although we recommended ways that the organizations could work together, even informally, to ensure that labor gets a voice in decisions of state-level legislation, Novic would not hear of it. He declared that because the

Confederation of Trade Unions is not officially registered, he cannot work with them as official labor representatives. In addition, the Foreign Trade Chamber has asked for a seat at the table representing employers, above and beyond the existing Association of Employers, creating chaos in his opinion. (Comment: Novic and the State Government clearly do not have the political will necessary to create an ECOSOC. Even if the current issues were resolved, they would likely discover other bureaucratic hurdles making an ECOSOC impossible. Only if the EU mandates an ECOSOC as necessary to EU accession would BiH make it happen. End Comment.)

#### SO HOW DOES ECOSOC WORK AT THE ENTITY LEVEL?

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14. (U) Although technical irregularities also exist at the entity level when it comes to registration of social partners, both the Federation and the Republika Srpska (RS) regularly meet with representatives of employers and labor to discuss relevant legislation. The Federation regularly meets with Edhem Biber, the head of the Trade Union of BiH (SSBIH), which is not officially registered at the Federation or State level. In the RS, there is a current dispute about who should represent employers at the ECOSOC, as the Association of Employers has withdrawn. The Chamber of Commerce is currently representing employers. Although the International Labor Organization (ILO) technically does not approve of Chambers of Commerce representing social partners, as they are often government-run institutions vice independent Associations of Employers, the system appears to work in the RS.

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#### ONGOING TRADE UNION DISPUTE

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15. (U) Since the State established the law mandating registration of non-governmental organizations in 2001, SSBIH has been attempting to register as an official trade union representing 260,000 members, most working in the Federation. Because of largely political reasons, the Ministry of Justice rejected the union's request, but has never answered its appeal. The law stipulates that an appellate body must be made available to hear appeals, however, that appellate body was not created until just a few months ago. According to our sources, the body is now reviewing the case, though its proceedings are confidential and we cannot determine when a decision will be forthcoming. The ILO took up this case in 2006 and continues to press BiH to resolve the registration dispute, as the five-year delay in a decision is considered by the ILO to be a violation of a worker's basic right to organize. The BiH Government expressed its willingness to cooperate with the ILO to resolve the dispute, however, there has been very little real action on the Government's part.

16. (U) The lack of registration allows Minister Novic to proclaim that the Confederation of Trade Unions cannot be a social partner as it is not officially registered. In 2005, the Confederation of Trade Unions of BiH was established as a roof organization consisting of SSBIH with 260,000 members, RS Trade Union with approximately 150,000 members and the Brcko Union with 5,000 members. Unfortunately, recent statements by the RS Trade Union indicating its displeasure with the Confederation lends further credence to Novic's claim that there is no unified body, legal or not, to represent labor at the state level.

17. (SBU) Although the Ministry of Justice has clearly dragged its feet on the case, SSBIH's demands for retroactive recognition as a trade union, as well as its use of &BiH8 in its name, have exacerbated the problem. SSBIH claims legal continuity of the pre-war Yugoslavian Trade Unions in all of Bosnia and Herzegovina (not just the Federation) and therefore refuses to register at the Federation level. Although the request is largely about legacy, SSBIH property

rights could be jeopardized if its continuous status as holder of certain property in the Federation is questioned. No official document exists, but there is apparently an unofficial agreement between the RS Trade Union and SSBIH that they are able maintain possession of pre-war property in each of their respective entities that belonged to the larger socialist union.

SOCIALIST UNION LEGACY CONTINUES ) PROGRAMS FOR REFORM  
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¶8. (U) The unions in BiH do not differ greatly from those in other post-socialist countries in that they largely maintain the same role they held as quasi-state institutions. The overwhelming majority of members still work in the often-bloated state-run industries, though membership is no longer mandatory. The union's main role is to assist in reaching & collective agreements<sup>8</sup> with governments and employers associations in defining the rights of workers and the annual minimum wage. Since authority for these agreements are held at the entity level, an ECOSOC at the entity level exists to operate these agreements.

¶9. (SBU) Officials at each of the entity trade unions have spent their lives working in the old socialist union system. They do not appear interested in union reform that could shake up this antiquated system and affect their own pocketbooks. Although reform could mean an increase in union membership and ultimately higher status for senior officials, they seem reluctant to change. The Austrian Development Agency has a project, in coordination with the ILO subregional office in Budapest, Hungary, to train Bosnia's employers and employee associations. Despite this training, there is not an orchestrated effort by the international community to secure a state-level ECOSOC, which is largely a coordination problem among the social partners as well as a political will issue for the BiH government.

COMMENT ) REFORM ON ALL SIDES AT A SNAIL'S PACE

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¶10. (SBU) Despite a visible union presence and the organization of economic and social councils at the entity level, general reform of the labor sector moves incredibly slowly. Current union leaders are more involved in maintaining the status quo than working to make real change, evidenced by their lack of interest in coming together to challenge the government on the creation of a state-level ECOSOC. The high unemployment rate also does not provide an incentive for employees, particularly in the private sector, to organize new labor unions or join existing unions, which are seen predominantly as socialist-era dinosaurs. This lack of interest from unions or employees does not bode well for the creation of a state-level ECOSOC as the government has no desire to increase cooperation with employee or employer organizations without the social pressure to do so.

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